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Marketing for Lawyers

Marketing strategies

Lesson 8

Strategy

- Strategy refers to a plan of action designed to achieve a particular goal.
- A goal is a projected state of affairs that a person or a system plans or intends to achieve
- Goals should be SMART
  - S – specific
  - M – measurable
  - A – attainable
  - R – relevant (realistic)
  - T – time-bound
- Determine 3 goals (could be from your personal life) which are SMART.

Marketing strategy

- Marketing strategy is a process that can allow a company to concentrate its limited resources on:
  - the greatest opportunities to increase sales and
  - achieve a sustainable competitive advantage (requires erecting barriers against the competition).

- The main goal of marketing strategy is customers satisfaction.

Position of the market

- Information about increasing of market is necessary for analysis of position on the market.

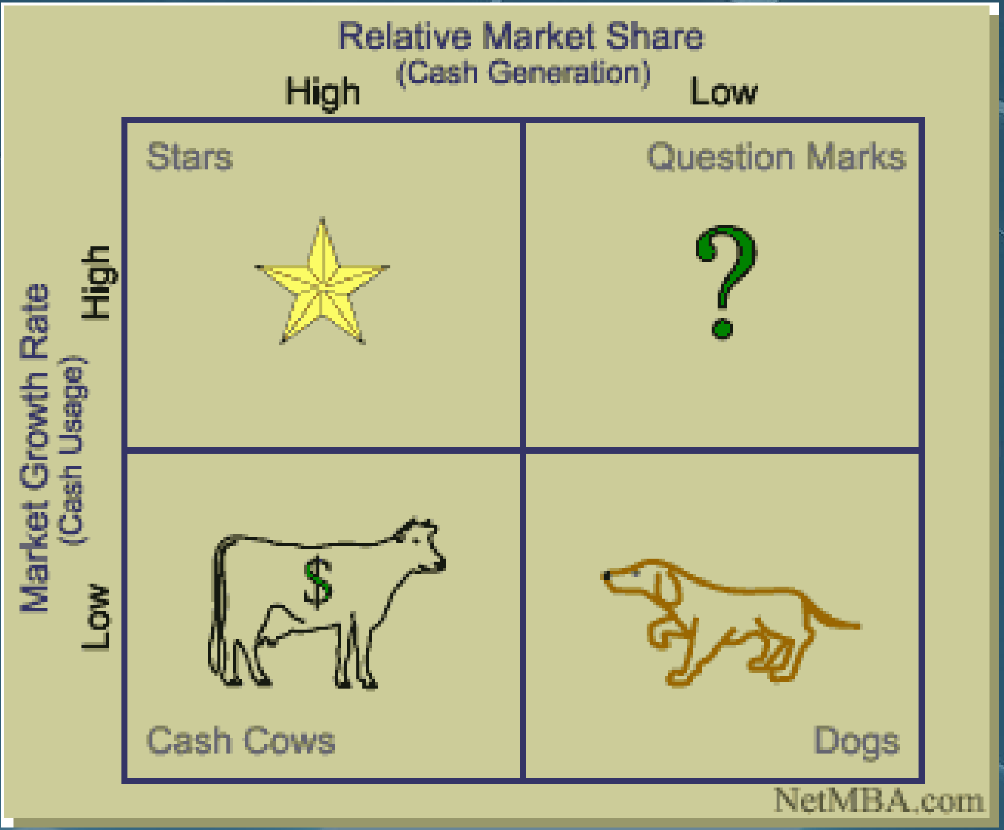
- BCG matrix
- Market attractiveness

BCG Matrix I.

- a portfolio planning model of the Boston Consulting Group in the early 1970's.
- It is based on the observation that a company's business units can be classified into four categories based on combinations of:
  - market growth and
  - market share

  relative to the largest competitor
- maps the business unit positions within these two important determinants of profitability.

BCG Matrix II.



Categories of BCG Matrix

- Dogs
  - has little potential
  - such businesses are candidates for divestiture
- Question marks
  - (known as a "problem child") has the potential to gain market share and become a star
  - if they does not succeed, they will degenerate into a dog
  - must be analyzed carefully in order to determine whether they are worth the investment required to grow market share
- Stars
  - generate large amounts of cash
  - it will become a cash cow when the market growth rate declines
  - the portfolio of a diversified company always should have stars that will become the next cash cows and ensure future cash generation
- Cash cows
  - as leaders in a mature market
  - generate more cash than they consume
  - cash cows provide the cash required to turn question marks into market leaders

Task

- Prepare BCG matrix for selected products or version of products.

Example

- Dogs – floppy disk
- Question marks – USB 3.0
- Stars - USB flash drive – USB 1.0 or USB 2.0
- Cash cows – Compact disk (CD), Digital Video Disc (DVD)

Market attractiveness (GE matrix)

the McKinsey and Company Consulting group

Includes:

- Market attractiveness - market growth as the dimension of industry attractiveness,
- Competitive strength - market share as the dimension by which the competitive position of each company is assessed.

- Factors that Affect Market Attractiveness
  - Market Size
  - Market growth
  - Market profitability
  - Pricing trends
  - Competitive intensity
  - Overall risk of returns in the industry
  - Opportunity to differentiate products and services
  - Segmentation
  - Distribution structure (e.g. retail, direct, wholesale)

- Factors that Affect Competitive Strength
  - Strength of assets and competencies
  - Relative brand strength
  - Market share
  - Customer loyalty
  - Relative cost position (cost structure compared with competitors)
  - Distribution strength
  - Record of technological or other innovation
  - Access to financial and other investment resources

Market attractiveness (GE matrix)

Market Attractiveness			
High	Invest or go away	Invest	Keep the leader position
Medium	Cash and go to disinvestment strategy	Cross	Increase of market attractiveness
Low	Disinvestment strategy	Cash and go to disinvestment strategy	Cash
	Low	Medium	High
			Market Share

Limitation of BCG and GE Matrix

- BCG matrix overlooks many other factors of profitability
- The framework assumes that each businessman is independent of the others.
- The matrix depends heavily upon the breadth of the definition of the market. A businessman may dominate its small niche, but have very low market share in the overall industry. In such a case, the definition of the market can make the difference between a dog and a cash cow.

BCG matrix still can serve as a simple tool for viewing a corporation's business portfolio (a range of property investments)

Types of strategies

- Strategies based on market dominance
- Porter generic strategies
- Innovation strategies
- Growth strategies

Strategies based on market dominance
Marketing warfare strategies

- A company must identify its position relative to the competition in the market
- Typically there are four types of market dominance strategies:
  - Leader
    - has market dominance
  - Challenger
    - The market challengers' strategic objective is to gain market share and to become the leader eventually
    - How?
      - By attacking the market leader
      - By attacking other firms of the same size
      - By attacking smaller firms
  - Follower
    - product imitation strategy might be just as profitable as a product innovation strategy

      e.g. Product innovation—Sony, Product-imitation--Panasonic
  - Nicher
    - Smaller firms can avoid larger firms by targeting smaller markets or niches that are of little or no interest to the larger firms

Task

- Find companies (in your country) which are in
  - Leader position
  - Challenger position
  - Follower position
  - Nicher position

Market Leaders Strategies

Market Leader's objectives:

- Expand the total market by
  - Finding new users
  - Creating new users, and
  - Increasing of usage by users
- Protect its current market share by
  - Adopting defense strategies
    - Position Defense
    - Mobile Defense
    - Flanking Defense
    - Contraction Defense
    - Pre-emptive Defense
    - Counter-Offensive Defense
- Increase its market share
  - Note the relationship between market share and profitability

Defense Strategies

- Defense Strategy
  - Least successful of the defense strategies
- Mobile Defense
  - By market broadening and diversification
- Flanking Defense
  - Secondary markets (flanks) are the weaker areas and prone to being attacked
- Contraction Defense
  - Withdraw from the most vulnerable segments and redirect resources to those that are more defendable
- Pre-emptive Defense
  - Detect potential attacks and attack first
- Counter-Offensive Defense
  - Responding to competitors' head-on attack by identifying the attacker's weakness then launch a counter attack

Question

- Which of these defense strategies are possible to see at the companies in your country?

Market Challenger Strategies

Types of Attack Strategies

- Frontal attack
  - Seldom work unless
    - The challenger has sufficient fire-power (a 3:1 advantage) and staying power
    - The challenger has clear distinctive advantage
- Flank attack
  - Attack at weak points or blind spots i.e. its flanks
  - Ideal for challenger who does not have sufficient resources
- Encirclement attack
  - Attack at many fronts at the same time
  - Ideal for challenger having superior resources
- Bypass attack
  - By diversifying into unrelated products or markets neglected by the leader
  - Could overtake the leader by using new technologies
- Guerrilla attack
  - By small, intermittent hit-and-run attacks to destabilize the leader
  - Usually use to precede a stronger attack

Question

- Which of these attack strategies are possible to see at the companies in your country?

Market Follower Strategies

Types of Attack Strategies

- Imitator e.g. car manufacturers imitate the style of one another
- Adapter e.g. many Japanese firms are excellent adapters initially before developing into challengers and eventually leaders

Market Nicher Strategies

- Nichers must create niches, expand the niches and protect them
  - Market niche may be attacked by larger firms once they notice the niches are successful

Porter generic strategies

- Product differentiation
- Cost leadership

Question

- Which of these two types of Porter generic strategies are often used at lawyers?

Innovation strategies

- deals with the firm's rate of the new product development and innovations
  - Pioneers
    - concentrate on being the one with the newest, hottest products around.
    - A company promises its customers will get the new technology before anyone else does.
  - Close followers
    - wait for other to pioneer in different direction, and when they are on to something, a company quickly adopts it, improves it and makes it its own.
  - Late followers
    - A company adopts only the most stable of technology, it stresses to its customers that its products will be stable, tried and tested, with no bugs or last minute recalls.

Growth strategies

- Possibilities how a company should grow
  - Horizontal integration
    - A company tryes to expand by acquiring or starting new business in the same field as its main business
    - it allows to control a bigger market share
  - Vertical integration
    - A company tryes to acquire or start businesses that supply its current business or sell its products.
    - it allows to have a stable production and delivery structure
  - Diversification
    - A company tryes to get new markets with new products, where are great profits there
  - Intensification
    - A company adds new features to its existing products (new versions of products)
    - it allows to expand its market position